

ORIGINAL

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Power & Light Company.	DOCKET NO. 050045-EI
In re: 2005 comprehensive depreciation study by Florida Power & Light Company.	DOCKET NO. 050188-EI
	FILED: JULY 13, 2005

SOUTH FLORIDA HOSPITAL AND HEALTHCARE ASSOCIATION'S
AMENDED PRELIMINARY ISSUES LIST, PENDING COMPLETION OF DISCOVERY

South Florida Hospital and Healthcare Association and supporting healthcare institutions ("SFHHA") hereby files its Preliminary Issues List supplemented by the incorporation of the Preliminary Issues List filed herein by the Citizens of the State of Florida, by and through their Public Counsel. SFHHA's Preliminary Issues List consists of Staff's Preliminary Issues as modified by SFHHA with additions in bold and deletions in strike-through. Of course issues identified date cannot reflect the results of discovery yet to be obtained, or testimony, and SFHHA reserve their rights to modify the interim list of issues set out herein.

TEST YEAR AND FORECASTING

- ISSUE 1:** Is FPL's projected test period of the twelve months ending December 31, 2006 appropriate?
- ISSUE 2:** Are FPL's forecasts of customer growth, kWh by revenue class, and system KW for the projected test year appropriate?
- ISSUE 3:** Are FPL's forecasts of billing determinants by rate class for the projected test year appropriate?

QUALITY OF SERVICE

- ISSUE 4:** Is the quality and reliability of electric service provided by FPL adequate?
- ISSUE 5:** Is FPL's pole inspection, repair, and replacement program sufficient for the purpose of providing reasonable transmission and distribution system protection?

ISSUE 6: Is FPL's vegetation management program sufficient for the purpose of providing reasonable transmission and distribution system protection?

DEPRECIATION STUDY

ISSUE 7: Is FPL's \$329.75 million accrued unassigned discretionary balance allocation appropriate based upon the approved settlement agreement in Order No. PSC-02-0502-AS-EI?

ISSUE 8: Is FPL's \$1.2 billion depreciation reserve excess (surplus) appropriate and should there be any other-corrective reserve allocations?

ISSUE 9: What are the appropriate depreciation rates? ~~and recovery/amortization~~ schedules?

SFHHA 9A: What are the appropriate recovery/amortization schedules for any depreciation reserve excess or surplus?

SFHHA 9B: Are FPL's accumulated depreciation balances appropriate?

ISSUE 10: Should the current amortization of investment tax credits and flow back of excess deferred income taxes be revised to reflect the approved depreciation rates and recovery schedules?

ISSUE 11: What should be the implementation date for FPL's depreciation rates and recovery/amortization schedules?

SFHHA 11A: Should FPL's use of traditional inflated future cost estimates for negative salvage purposes be modified or the method of recovering such costs be changed.

RATE BASE

ISSUE 12: Should adjustments be made for the rate base effects of FPL's transactions with affiliated companies?

ISSUE 13: Should the capitalized items currently approved for recovery through the Environmental Cost Recovery Clause (ECRC) be included in rate base?

ISSUE 14: Should any portion of capital and expense items requested in the storm docket be included in base rates?

- ISSUE 15:** Is FPL's requested level of Plant in Service in the amount of \$23,394,793,000 (\$23,591,644,000 system) for the projected test year appropriate? This is a calculation based upon the decisions in preceding issues.
- ISSUE 16:** What adjustments, if any, should be made to Accumulated Depreciation?~~to reflect the Depreciation Study filed by FPL?~~
- ISSUE 17:** Is FPL's requested level of Accumulated Depreciation and Accumulated Amortization in the amount of \$11,700,179,000 (\$11,803,581,000 system) for the projected test year appropriate? This is a calculation based upon the decisions in preceding issues.
- ISSUE 18:** Is FPL's requested level of Construction Work in Progress (CWIP) in the amount of \$522,642,000 (\$525,110,000 system) for the projected test year appropriate?
- ISSUE 19:** Is FPL's requested level of Property Held for Future Use in the amount of \$135,593,000 (\$136,585,000 system) for the projected test year appropriate?
- ISSUE 20:** Has FPL properly estimated its accumulated provision for uncollectibles?
- ISSUE 21:** What adjustments, if any, should be made to FPL's fuel inventories?
- SFHHA 21A: What is the appropriate level for FPL's working capital balance?**
- ISSUE 22:** Should unamortized rate case expense be included in working capital?
- ISSUE 23:** Is \$500,000,000 an appropriate reserve goal for Account 228.1, Accumulated Provision for Property Insurance – Storm Damage?
- ISSUE 24:** Has FPL properly estimated the amount of storm damage reserve that will be available for the projected test year?
- ISSUE 25:** Should the net overrecovery/underrecovery of fuel, capacity, conservation, and environmental cost recovery clause expenses for the test year be included in the calculation of working capital allowance for FPL?

ISSUE 26: Is FPL's requested level of Working Capital Allowance in the amount of \$57,673,000 (61,429,000 system) for the projected test year appropriate? This is a calculation based upon the decisions in preceding issues.

SFHHA 26A: Is FPL's treatment of and balances for deferred income tax liabilities and assets appropriate?

ISSUE 27: Is FPL's requested level of rate base in the amount of \$12,410,522,000 (\$12,511,188,000 system) for the projected test year appropriate? This is a calculation based upon the decisions in preceding issues.

SFHHA 27A: What is the appropriate rate effect of the current net plant balance of FPL's nuclear facilities?

SFHHA 27B: Are FPL's capital additions since its last fully-litigated rate case prudent and otherwise appropriately recognized in rates?

SFHHA 27C: Are FPL's projected capital additions reasonable, prudent and otherwise appropriately recognized in rate base?

SFHHA 27D: Is FPL's level of retirements of capital assets since its last rate case appropriately calculated?

SFHHA 27E: Is FPL's projected level of retirement of property appropriate?

SFHHA 27F: Has FPL appropriately recognized the value of property sold, leased, transferred or otherwise disposed of since FPL's last fully-litigated rate case?

SFHHA 27G: Are credits and other offsets to rate base set at an appropriate level?

SFHHA 27H: Is the current value of the nuclear decommissioning trust fund appropriately reflected in rates?

SFHHA 27I: Is the current value of FPL's nuclear insurance trust appropriately reflected in rates?

SFHHA 27J: Do FPL's rates reflect the appropriate amount of net cost associated with dismantling its fossil plants?

SFHHA 27K: What is the appropriate effect upon rates of FPL's level of pension funding?

SFHHA 27L: Are offsets to retail electric cost of service appropriately calculated and reflected in FPL's rates?

SFHHA 27M: Does a benchmarking analysis indicate FPL's rates are reasonable?

SFHHA 27N: What is the appropriate level of cost in retail rates for GridFlorida participation?

SFHHA 27O: Are FPL's cost allocations among rate schedules appropriate?

SFHHA 27P: Is FPL's calculation of return earned from service to different classes correctly calculated and appropriate?

SFHHA 27Q: Is the design of FPL's rates appropriate (e.g., energy versus demand)?

SFHHA 27R: Does FPL's rate design impede resource optimization?

SFHHA 27S: What is the effect of the proposed RTO on retail rates—billing & crediting mechanisms?

SFHHA 27T: Has FPL applied the 1.5 times the increase policy of the PSC correctly to each rate schedule in this case.

SFHHA 27U: Is FPL's cost of service study reasonable?

SFHHA 27V: What is the appropriate method of designing rates to reflect cost responsibility?

COST OF CAPITAL

ISSUE 28: What is the appropriate amount of accumulated deferred taxes to include in the capital structure?

ISSUE 29: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure?

ISSUE 30: What is the appropriate cost rate for short-term debt for the projected test year?

ISSUE 31: What is the appropriate cost rate for long-term debt for the projected test year?

ISSUE 32: In setting FPL's return on equity (ROE) for use in establishing FPL's revenue requirements and authorized range, should the Commission make an adjustment to reflect FPL's performance?

SFHHA 32A: Since FPL has already achieved savings with no performance incentive, should it be awarded its proposed ROE incentive?

ISSUE 33: What is the appropriate cost rate for common equity to use in establishing FPL's revenue requirement for the projected test year?

ISSUE 34: What is the appropriate capital structure for FPL **since it is a standalone utility?**

SFHHA 34A: Should FPL's standalone utility status be reflected in its capital structure?

ISSUE 35: What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure? This is a calculation based upon the decisions in preceding issues.

ISSUE 36: Are FPL's estimated revenues for sales of electricity by rate class appropriate?

SFHHA 36A: Are there items that have been misclassified as between a capitalized item and an expense?

NET OPERATING INCOME

ISSUE 37: Is FPL's requested level of Total Operating Revenues in the amount of \$3,888,233,000 (\$3,931,068,000 system) for the projected test year appropriate?

ISSUE 38: Should an adjustment be made to FPL's requested level of security expenses related to the increased threat of terrorist attacks since September 11, 2001?

ISSUE 39: Should adjustments be made for the net operating income effects of FPL's transactions with affiliated companies?

ISSUE 40: Is it appropriate to include \$104 million of costs related to GridFlorida RTO in the projected test year?

SFHHA 40A: What is the appropriate amount of money to include in costs related to Grid Florida RTO as the costs are uncertain rather than known and measurable?

ISSUE 41: What is the appropriate amount and method to recover the RTO start-up costs incurred before the Commission makes a final decision regarding implementation of GridFlorida RTO?

SFHHA 41A: What is the appropriate cost recovery mechanism for start-up of GridFlorida?

- ISSUE 42:** Is the amount of postage projected in the 2006 test year in Account 903, Customer Records and Collection Expenses, appropriate? If not, what are the appropriate system and jurisdictional adjustments?
- ISSUE 43:** Should an adjustment be made to Account 904, Uncollectible Accounts, for the projected test year and what is the appropriate factor to include in the revenue expansion factor?
- ISSUE 44:** Should an adjustment be made to remove image building or other inappropriate advertising expenses?
- ISSUE 45:** Is FPL's requested \$120,000,000 annual accrual for storm damage for the projected test year appropriate?
- ISSUE 46:** Should an adjustment be made to Account 928, Regulatory Commission Expense, for rate case expense for the projected test year and what is the appropriate amortization period?
- ISSUE 47:** Has FPL made the appropriate adjustments to remove charitable contributions?
- ISSUE 48:** Should the O&M expense items currently approved for recovery through the Environmental Cost Recovery Clause be included in base rates?
- ISSUE 49:** Is FPL's O&M Expense of \$1,591,191,000 (\$1,608,896,000 system) for the projected test year appropriate? This is a calculation based upon the decisions in preceding issues.
- SFHHA 49A:** Are the levels of O&M and A&G expenses projected by FPL appropriate in light of the fact that FPL has been successful in controlling O&M expenses over the last ten years?
- ISSUE 50:** What adjustments, if any, should be made to the fossil dismantlement accrual?
- ISSUE 51:** Is FPL's Depreciation and Amortization Expense of \$924,323,000 (\$931,335,000 system) for the projected test year appropriate? This is a calculation based upon the decisions in preceding issues.
- ISSUE 52:** Should the total amount of Gross Receipts tax be removed from base rates and shown as a separate line item on the bill?
- ISSUE 53:** Is FPL's Taxes Other Than Income of \$299,798,000 (\$300,496,000 system) for the projected test year appropriate?

- ISSUE 54:** Should a Parent Debt Adjustment be made for the projected test year and if so, what is the appropriate amount of the adjustment?
- ISSUE 55:** Has FPL appropriately calculated the adjustment to taxable income to reflect the domestic manufacturer's tax deduction which was attributable to the American Jobs Creation Act?
- ISSUE 56:** Is FPL's Income Tax Expense of \$291,326,000 (\$286,729,000 system) which includes current and deferred income taxes and interest reconciliation for the projected test year appropriate?
- ISSUE 57:** Is FPL's projected Total Operating Expenses of \$3,105,671,000 (\$3,140,480,000 system) for the projected test year appropriate? This is a calculation based upon the decisions in preceding issues.
- ISSUE 58:** Is FPL's Net Operating Income (NOI) of \$782,562,000 (\$777,212,000 system) for the projected test year appropriate? This is a calculation based upon the decisions in preceding issues.

REVENUE REQUIREMENTS

- ISSUE 59:** What is the appropriate projected test year revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for FPL?
- ISSUE 60:** Is FPL's requested annual operating revenue increase of \$384,580,000 for the projected test year appropriate? This is a calculation based upon the decisions in preceding issues.
- ISSUE 61:** Should the Commission approve the limited scope adjustment in base rates to produce additional annual revenue of \$122,757,000 beginning 30 days following the commercial in-service date of Turkey Point Unit 5 projected to occur in June 2007?
- SFHHA 61A:** **Should any revenue deficiencies that FPL experiences as a result of the start-up of Turkey Point Unit 5 be recovered as a result of FPL's filing for that increase in 2006 or 2007 rather than simply being awarded the increase on a projected revenue requirement?**

COST OF SERVICE AND RATE DESIGN

- ISSUE 62:** Is FPL's proposed separation of costs and revenues between the wholesale and retail jurisdictions appropriate?

ISSUE 63: What is the appropriate cost of service study to be used in designing FPL's rates?

ISSUE 64: If a revenue increase is approved, how should it be allocated among the customer classes?

SFHHA 64A: Are FPL's customer class allocations appropriate?

SFHHA 64B: What is the appropriate method of allocating costs among customers?

ISSUE 65: What is the appropriate adjustment to account for the increase in unbilled revenue due to any recommended rate increase?

ISSUE 66: Is FPL's proposed method for the recovery of the costs of Turkey Point Unit 5 appropriate?

ISSUE 67: What are the appropriate demand charges for various rate schedules?

ISSUE 68: What are the appropriate energy charges for various rate schedules?

ISSUE 69: How should FPL's time-of-use rates be designed?

ISSUE 70: What are the appropriate customer charges?

ISSUE 71: What are the appropriate service charges?

ISSUE 72: What are the appropriate lighting rate schedule charges?

ISSUE 73: Is FPL's proposal to eliminate the option allowing lump-sum payment for time of use metering equipment appropriate?

ISSUE 74: What is the appropriate monthly fixed charge carrying rate to be applied to the installed cost of customer-requested distribution equipment for which there are no tariffed charges?

ISSUE 75: What is the appropriate Monthly Rental Factor to be applied to the in-place value of customer-rented distribution substations to determine the monthly rental fee for such facilities?

ISSUE 76: What are the appropriate termination factors to be applied to the in-place value of customer-rented distribution substations to calculate the termination fee?

ISSUE 77: What are the appropriate termination factors to be applied to the total installed cost of facilities when customers terminate their lighting agreement prior to the expiration of the contract term?

- ISSUE 78:** What is the appropriate Present Value Revenue Requirement multiplier to be applied to the installed cost of lighting facilities to determine the lump sum advance payment amount for such facilities?
- ISSUE 79:** What are the appropriate per-month facilities charges under FPL's PL-1 and SL-3 rate schedules?
- ISSUE 80:** What is the appropriate monthly per kW credit to be provided customers who own their own transformers pursuant to the Transformation Rider?
- ISSUE 81:** What is the appropriate level and design of the charges under the Standby and Supplemental Service (SST-1) rate schedule?
- ISSUE 82:** What is the appropriate level and design of the charges under the Interruptible Standby and Supplemental Service (ISST-1) rate schedule?
- ISSUE 83:** What are the appropriate curtailment credits?
- ISSUE 84:** What are the appropriate administrative charges under the Commercial/Industrial Demand Reduction rider?
- ISSUE 85:** Should the Commission approve FPL's proposal to change the breakpoint applicable to its inverted residential rate from 750 to 1,000 kilowatt hours?
- ISSUE 86:** ~~Should the Commission approve FPL's proposal to establish a single set of~~ What is the appropriate treatment of demand and energy charges for its GSD-1, GSLD-1, GSLD-2, CS-1 and CS-2 rate schedules?
- ISSUE 87:** Should the Commission approve FPL's proposal to eliminate the provision in its GSD-1 rate schedule that exempts from billing the first 10 kW of demand?
- ISSUE 88:** Should the Commission approve FPL's proposal to close its Wireless Internet Electric Service (WIES) rate schedule be approved?
- ISSUE 89:** Should FPL's proposal to close its Premium Lighting rate schedule to new customers and replace it with a new Decorative Lighting rate schedule be approved?
- ISSUE 90:** Should the Commission approve FPL's proposed new General Service Constant Use rate schedule?

- ISSUE 91:** Should the Commission approve FPL's proposed new High Load Factor Time-of-Use rate schedule?
- ISSUE 92:** Should the Commission approve FPL's proposed new Seasonal Demand Time-of-Use rider?
- ISSUE 93:** What is the appropriate effective date for FPL's revised rates and charges?

OTHER ISSUES

- ISSUE 94:** How should the Commission address FPL's nuclear decommissioning accrual in this case?
- ISSUE 95:** Should the Commission approve FPL's request to move into base rates the security costs that result from heightened security requirements since September 11, 2001, from the Capacity Cost Recovery Clause?
- ISSUE 96:** Should FPL continue to seek recovery of incremental security costs above the amount included in base rates through the Capacity Cost Recovery Clause? If so, what mechanism should be used to determine the incremental security costs?
- ISSUE 97:** Should the Commission approve FPL's request to transfer to the Capacity Clause certain St. Johns River Power Park capacity costs and certain capacity revenues that are currently embedded in base rates?
- ISSUE 98:** Should the Commission approve FPL's request to transfer its 2006 projected incremental hedging costs from Fuel Clause recovery to base rate recovery?
- ISSUE 99:** Should FPL be allowed to recover incremental hedging costs in excess of its base rate amount through the Fuel and Purchased Power Cost Recovery Clause, and if so, should netting be required in the clause for these costs?
- ISSUE 100:** Should the unrecovered Allowance for Funds Used During Construction (AFUDC) associated with Turkey Point Unit 5 be recovered through the Fuel Cost Recovery Clause?
- ISSUE 101:** Should FPL be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records that will be required as a result of the Commission's findings in this rate case?

ISSUE 102: Should this docket be closed?

SFHHA 102A: What is the appropriate level of balances in, and level of contribution to, balance sheet reserve accounts?

SFHHA 102B: Is the nuclear decommissioning cost estimate used by FPL appropriate?

SFHHA 102C: Is the level of outside services appropriate?

SFHHA 102D: Is FPL's treatment of tax-related issues appropriate (*e.g.*, consolidated returns/organizational structure)?

SFHHA 102E: Has FPL utilized an appropriate allocation of the costs of jurisdictional vs. non-jurisdictional assets?

SFHHA 102F: Has FPL properly allocated revenues and costs between jurisdictional vs. non-jurisdiction services?

SFHHA 102G: Are FPL's costs properly functionalized (*e.g.*, in light of GridFlorida)?

SFHHA 102H: Is it prudent to transfer transmission assets to GridFlorida?

SFHHA 102I: Which transmission assets are prudent to transfer to GridFlorida?

SFHHA 102J: What capital structure should be attributable to transferred transmission assets?

SFHHA 102K: How should the cost of participation in GridFlorida be attributed as between retail and wholesale customers?

SFHHA 102L: What are the costs/benefits of FPL's participation in GridFlorida?

SFHHA 102M: Has FPL gotten proper value for each service provided or asset conveyed to an affiliate?

SFHHA 102N: Has FPL paid the appropriate amount for all services and goods received from affiliates?

SFHHA 102O: Are the FPL rate schedule HLF target review levels appropriate?

SFHHA 102P: Do winter and summer peak demands drive FPL's need for capacity additions?

SFHHA 102Q: Is it appropriate to recover the fixed costs associated with Turkey Point Unit 5 on a kWh basis, within rate schedules?

Dated this 13th day of July, 2005.

Respectfully submitted,

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BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Power & Light Company. | DOCKET NO. 050045-EI

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DATED: JULY 13, 2005

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of SFHHA'S Amended Preliminary Issues List, Pending Completion of Discovery has been furnished by U. S. Mail and electronic mail this 13th day of July, 2005, to the following:

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CERTIFICATE OF SERVICE - STAFF'S PRELIMINARY LIST OF ISSUES AND
POSITIONS
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